

**MARICOPA COUNTY
EMPLOYEE BENEFITS TRUST FUNDS**

Statement of Revenues, Expenses, and Changes in Fund Net Assets - Internal Service Funds
Twelve Months Ended June 30, 2011; Full Year Ended June 30, 2010; Full Year Ended June 30, 2009

	Employee Benefits 6/30/2011	Employee Benefits 6/30/2010	Employee Benefits 6/30/2009	Notes
Operating Revenues				
Operating Income	\$ 119,404,496	\$ 113,114,496	\$ 129,607,798	
Other income	884	97,894	54,131	9
Investment Income	637,685	779,857	1,354,252	
Total Operating Revenues:	<u>\$ 120,043,065</u>	<u>\$ 113,992,247</u>	<u>\$ 131,016,181</u>	
Operating Expenses				
Losses and loss expenses	108,002,234	101,098,908	99,512,245	
All other expenses	<u>\$ 8,506,598</u>	<u>\$ 13,759,245</u>	<u>\$ 25,771,528</u>	17
	\$ 116,508,832	\$ 114,858,153	\$ 125,283,773	
Capital contribution				
Transfers to other County funds	1,380,291			20
Change in net assets	2,153,942	(865,906)	5,732,408	
Total net assests, Prior Year	<u>44,213,779</u>	<u>44,941,935</u>	<u>39,209,527</u>	
Total net assests, Current Year	<u><u>\$ 46,367,721</u></u>	<u><u>\$ 44,076,029</u></u>	<u><u>\$ 44,941,935</u></u>	

Note: FY 2011 Opening Net Assets does not include Agency Fund Adjustment of \$137,750

Schedule 3

**Maricopa County
Employee Benefits Trust Funds**
Statements of Net Assets (Deficit)—Internal Service Funds
June 30, 2011, June 30, 2010 and June 30, 2009

	Employee Benefits 6/30/2011	Employee Benefits 6/30/2010	Employee Benefits 6/30/2009	Notes
Assets				
Cash and cash equivalents	\$ 58,857,398	\$ 57,269,044	\$ 59,849,493	
Interest receivable	80,000	81,358	122,011	1
Accounts receivable	1,108,709	1,299,254	1,240,120	2
Prepaid insurance	110,400	110,532	108,154	3
Capital assets, net	4,013	4,012	6,283	4
Total assets	<u>\$ 60,160,520</u>	<u>\$ 58,764,200</u>	<u>\$ 61,326,061</u>	
Liabilities				
Accounts payable	\$ 4,913,392	\$ 3,919,715	\$ 4,747,476	5
Employee compensation payable	455,794	2,263,426	138,949	
Reserve for losses and loss expenses	8,423,616	8,505,030	11,497,701	7
Total liabilities	<u>\$ 13,792,802</u>	<u>\$ 14,688,171</u>	<u>\$ 16,384,126</u>	
Net Assets				
Invested in capital assets	\$ 4,013	\$ 4,012	\$ 6,283	8
Unrestricted (deficit)	46,363,706	44,072,017	44,935,652	
Total net assets (deficit)	<u><u>\$ 46,367,721</u></u>	<u><u>\$ 44,076,029</u></u>	<u><u>\$ 44,941,935</u></u>	

MARICOPA COUNTY
EMPLOYEE BENEFITS TRUST FUNDS

Fund Balance Roll-Forward
Twelve Month Ended June 30, 2011

<u>* Insured Funds</u>					Fund Balance 7/1/2010	Fund Balance 6/30/2011
	<u>Fund</u>	<u>Expenditures</u>	<u>Revenues</u>	<u>Net</u>		
601-CMG HIGH OPTION		\$ 36,352,369	\$ 36,712,951	\$ 360,582	\$ (478,873)	\$ (118,291)
602-CMG LOW OPTION		1,361,755	1,171,355	(190,400)	1,108,864	918,464
603-OAP IN		16,175,142	16,773,846	598,704	(4,606,376)	(4,007,672)
604-OAP HIGH OPTION		29,707,496	27,300,509	(2,406,987)	2,391,193	(15,794)
605-OAP LOW OPTION		2,218,811	2,069,162	(149,649)	1,427,324	1,277,675
606-CHOICE FUND H.S.A.		4,619,787	5,408,104	788,317	(77,630)	710,687
614-BEHAVIORAL HEALTH		1,565,541	4,216,898	2,651,357	2,327,041	4,978,398
Total Medical & BH		\$ 92,000,901	\$ 93,652,826	\$ 1,651,925	\$ 2,091,543	\$ 3,743,468
629-SI DENTAL		3,377,689	3,312,849	(64,840)	4,901,294	4,836,454
Total Dental		\$ 3,377,689	\$ 3,312,849	\$ (64,840)	\$ 4,901,294	\$ 4,836,454
608-COINSURANCE		\$ 11,718,142	\$ 12,156,474	\$ 438,331	\$ 19,155,573	\$ 19,593,904
609-CONSUMER CHOICE		1,987,597	1,909,030	(78,567)	2,156,111	2,077,544
Total Pharmacy		\$ 13,705,739	\$ 14,065,503	\$ 359,764	\$ 21,311,684	\$ 21,671,448
623-VISION		\$ 1,401,428	\$ 1,341,158	\$ (60,270)	\$ 320,199	\$ 259,929
624-STAND ALONE VISION		45,364	64,326	18,962	0	18,962
Total Vision		\$ 1,446,792	\$ 1,405,483	\$ (41,308)	\$ 320,199	\$ 278,891
615-WELLNESS		696,669	687,502	(9,168)	2,333,874	2,324,706
616-CONTRACT ADMINISTRATION		243,830	280,723	36,893	557,556	594,449
617-MED INCENTIVE AND PENALTIES		0	0	0	2,110,151	2,110,151
618-BENEFIT ADMINISTRATION		2,359,345	3,570,759	1,211,414	519,395	1,730,809
652-HEALTH SELECT SI TRUST		1,380,291	49,990	(1,330,301)	1,330,301	(0)
Total Other		\$ 4,680,137	\$ 4,588,974	\$ (91,162)	\$ 6,851,277	\$ 6,760,115
nd Total		\$ 115,211,257	\$ 117,025,636	\$ 1,814,378	\$ 35,475,997	\$ 37,290,375

Employee Self Insured Funds

610-70 PERCENT STD	\$ 1,401,084	\$ 1,974,581	\$ 573,497	\$ 4,892,184	\$ 5,465,681
611-60 PERCENT STD	341,983	461,763	119,780	1,253,917	1,373,697
612-50 PERCENT STD	295,114	393,314	98,200	1,023,502	1,121,702
613-40 PERCENT STD	78,697	187,770	109,074	521,303	630,377
Total STD	\$ 2,116,879	\$ 3,017,429	\$ 900,551	\$ 7,690,906	\$ 8,591,457

Fully Insured (Agency) Funds

	<u>Fund</u>	<u>Expenditures</u>	<u>Revenues</u>	<u>Net</u>	Fund Balance 7/1/2010	Fund Balance 6/30/2011
607-FI DENTAL PPO		\$ 5,215,077	\$ 5,201,549	\$ (13,528)	\$ 86,084	\$ 72,556
625-FI PREPAID DENTAL		400,916	400,537	(379)	110,566	110,188
Total Dental		\$ 5,615,993	\$ 5,602,087	\$ (13,906)	\$ 196,650	\$ 182,744
621-FLEX SPENDING HEALTH		\$ 2,397,959	\$ 1,997,913	\$ (400,046)	\$ 389,797	\$ (10,249)
622-FLEX SPENDING DEP CARE		784,043	697,024	(87,020)	84,677	(2,343)
Total FSA		\$ 3,182,002	\$ 2,694,936	\$ (487,066)	\$ 474,474	\$ (12,592)
626-FI LIFE AND AD AND D		\$ 1,050,095	\$ 1,082,151	\$ 32,056	\$ (2,769)	\$ 29,287
627-SUPPLEMENTAL LIFE		3,610,986	3,582,784	(28,202)	284,661	256,459
630-DEPENDENT LIFE		492,648	486,552	(6,095)	19,161	13,066
Total Life and AD&D		\$ 5,153,729	\$ 5,151,487	\$ (2,242)	\$ 301,053	\$ 298,811
628-EMPLOYEE ASSISTANCE		188,386	188,429	43	874	917
631-VOLUNTARY BENEFITS		306,348	303,733	(2,614)	5,326	2,712
632-JGNA FOR SENIORS		567,485	512,283	(55,202)	68,499	13,297
Total Others		\$ 1,062,218	\$ 1,004,446	\$ (57,773)	\$ 74,699	\$ 16,926
Total Agency Funds		\$ 15,013,942	\$ 14,452,955	\$ (560,987)	\$ 1,046,876	\$ 485,889
Less: Agency Fund Adjustments					\$ (137,750)	
Total Fund Balance		\$ 132,342,078	\$ 134,496,020		\$ 44,076,029	\$ 46,367,721

Maricopa County
Employee Benefits Trust Fund

Statement of Revenues, Expenses, and Changes in Fund Net Assets - Internal Service Fund Budget and Actual

	Period Ended June 30, 2011				
	Budget	Actual	Variance	% Variance	Notes
Operating Revenues					
County and employee premiums	\$ 142,183,360	\$ 132,267,336	\$ (9,916,024)	-6.97%	
Charges for services	1,728,066	1,590,115	(137,951)	-7.98%	
Other income		884	884	100.00%	9
Total Operating Revenues	<u>\$ 143,911,426</u>	<u>\$ 133,858,335</u>	<u>\$ (10,053,091)</u>	<u>-7.51%</u>	
Operating Expenses					
Personal services	\$ 1,754,773	\$ 1,596,438	\$ 158,335	9.02%	17
Supplies and services	717,908	455,304	262,604	36.58%	
Actuary Fees	105,000	125,620	(20,620)	-19.64%	
Claims administration and stop loss fees	8,512,160	6,329,236	2,182,924	25.64%	10
Claims and Insurance:					
Total medical	84,968,780	85,660,435	(691,655)	-0.81%	
Total pharmacy	15,036,757	13,448,935	1,587,822	10.56%	11
Total short-term disability	3,398,778	1,965,524	1,433,254	42.17%	12
Total dental	3,366,696	3,221,402	145,294	4.32%	
Total behavioral health	4,141,656	1,101,371	3,040,285	73.41%	13
Total vision	1,366,647	1,387,503	(20,856)	-1.53%	
Total medical incentives	3,357,648	0	3,357,648	100.00%	14
Total wellness	608,220	656,077	(47,857)	-7.87%	15
Total fully insured dental	5,912,135	5,615,993	296,142	5.01%	
Total Life Insurance	5,517,819	5,153,729	364,090	6.60%	
Total Flexible Spending	2,976,719	3,182,002	(205,283)	-6.90%	16
Total CIGNA for seniors	559,200	567,485	(8,285)	-1.48%	
Total other benefits	306,930	306,348	582	0.19%	
Total Employee Assistance Program	196,253	188,386	7,867	4.01%	
Depreciation		0	0	0.00%	
Total Operating Expenses	<u>\$ 142,804,079</u>	<u>\$ 130,961,788</u>	<u>\$ 11,842,291</u>	<u>8.29%</u>	
Operating Income	1,107,347	2,896,548	1,789,201		
Nonoperating revenues					
Investment income	0	637,685	637,685		
Total nonoperating revenues	<u>0</u>	<u>637,685</u>	<u>637,685</u>		
Income before transfers	1,107,347	3,534,233			
Capital Contribution					
Transfer to other County funds	<u>1,380,291</u>	<u>1,380,291</u>	<u>0</u>		
Increase in net assets	<u>(272,944)</u>	<u>2,153,942</u>			
Total net assets, July 1, 2010	39,528,715	44,213,776	4,685,061		
Total net assets, March 31, 2011	<u>\$ 42,756,001</u>	<u>\$ 46,367,719</u>	<u>\$ 3,611,718</u>		

**MARICOPA COUNTY
EMPLOYEE BENEFITS TRUST FUNDS
Notes to Financial Statements
March 31, 2011**

NOTE 1 – Interest Receivable Held with the Treasurer

Interest Receivable represents the Trust's share of the amortization of zero coupon bond discounts and the unpaid but earned portion of bond coupons which are normally paid every six months on varying dates. The trust has all cash invested with the Maricopa County Treasurer in the investment pool. This pool consists of U S Government Securities that have up to a three year maturity.

NOTE 2 – Accounts Receivable

Accounts Receivable includes WHI Rebates, ARRA program receivables for employees on COBRA and Stop Loss recoveries collected in future months.

NOTE 3 – Pre-Paid Insurance

Pre-Paid insurance represents the cash which has been transferred to Sedgwick for Short-Term Disability Claims that has not been spent yet.

NOTE 4 – Capital Equipment

This is for the Ergonomics AstroVan purchased in 2000.

NOTE 5 – Accounts Payable

This number is lower due to a policy change of paying bills immediately after they arrive in our department. In addition, several claims were not paid promptly at year-end FY 2010.

NOTE 6 – Accrued Liabilities

Accrued Liabilities fluctuates monthly mainly due to the amount of outstanding checks written by CIGNA that have not been cashed by providers. At year-end FY 2010, this balance included an amount for FY 2011 benefit premiums collected from employees and departments were not earned until July 2011. These amounts are detailed on the Balance Sheet Supplemental page.

NOTE 7 – Employee Compensation Payable

Employee Compensation Payable includes in FY2010 unused employee pharmacy allowance for the WHI Consumer Choice Pharmacy plan. \$2.2 million was included in IBNR in FY 2009. The remaining balance is accrued Salaries as of month end, plus employee vacations earnings payable.

**MARICOPA COUNTY
EMPLOYEE BENEFITS TRUST FUNDS
Notes to Financial Statements
March 31, 2011**

NOTE 8 – Pharmacy IBNR

In FY 2010, IBNR for Pharmacy was reclassified to Accrued Benefits for more accurate reporting of our financial statements.

NOTE 9 – Other Income – Health Savings Account

This is the employee contribution to their Health Savings Accounts which is eliminated for the annual financial statements.

NOTE 10 – Claims Administration and Stop Loss Premium

Stop Loss insurance was budgeted at a \$200,000 deductible, which meant the trust was going to have to pay a larger premium for the insurance. However, the deductible was contracted at \$750,000; this results in about a \$3,000,000 premium savings for the trust.

NOTE 11 – Pharmacy Claims Reduction

Programs to increase generic substitution continue to be effective year after year.

NOTE 12 – Short Term Disability

Short-Term Disability was budgeted at break-even and rates were set at higher level than needed to cover claims.

NOTE 13 – Behavioral Health

Expected increases in claims that were budgeted related to Autism legislation have never materialized.

NOTE 14 – Medical Incentives

Amount needed to balance the budget when budgeted revenues have been restated for 7/2010 Open Enrollment.

NOTE 15 – Wellness

The budget did not correctly reflect the timing of the Biometric Screenings take place in March and April.

**MARICOPA COUNTY
EMPLOYEE BENEFITS TRUST FUNDS
Notes to Financial Statements
March 31, 2011**

NOTE 16 – Flexible Spending

Medical Flexible Spending allows employees to spend their total election amount on first day of plan year, thus, they can spend the entire amount on the first day of the Fiscal Year, before we receive all their payroll deductions.

NOTE 17 – Personal Services

This includes the salaries and employer paid benefits for the employees of the Trust fund, and there has been one vacant position for the majority of the Fiscal Year.

NOTE 18 – Claims Administration Fees

This number is the Administration fees and includes \$583,381 for Stop Loss Premiums paid as insurance for the six medical plans.

NOTE 19 – Other Benefits

Other benefits include the Group Legal expenses.

NOTE 20 – Transfer of Assets

The transfer of assets occurred with the closing of the Health Select Plan, and \$1,380,291 was transferred to the General Fund.

Benefits Trust Funds
FY 2011 Ending Fund Balance and Reserves
(Based on Mercer 12/31/2010 Analysis)

	Medical, Dental, Pharmacy	Short-Term Disability	Admin and Contract	Wellness	Totals
FY 2011 Ending Fund Balance	\$ 32,640,412	\$ 8,591,457	\$ 2,325,258	\$ 2,324,706	\$ 45,881,833
Reserve for Adverse Claims Fluctuation (250% of RBC)	\$ 24,302,155				\$ 24,302,155
<u>Reserve for Large Claims</u>					
\$750,000 Stop Loss	\$ 847,875				\$ 847,875
No Stop Loss	1,152,125				1,152,125
	<u>\$ 2,000,000</u>				<u>\$ 2,000,000</u>
<u>Net Available after Reserves (Preliminary)</u>					
With \$750,000 Stop Loss	\$ 7,490,382	\$ 8,591,457	\$ 2,325,258	\$ 2,324,706	\$ 20,731,803
With No Stop Loss	\$ 6,338,257	\$ 8,591,457	\$ 2,325,258	\$ 2,324,706	\$ 19,579,678
Premium Rebate (1 PP, EE only)	\$ 413,092	\$ 86,905			

Business Strategies and Health Care Programs

Total Subscribers

(Subscriber = Employee plus COBRA plus Retiree)

Fund	Actual Average Subscribers <u>2008</u>	Actual Average Subscribers <u>2009</u>	Actual Average Subscribers <u>2010</u>	Actual Average Subscribers <u>2011</u>	Budget Average Subscribers <u>2011</u>	Budget Variance <u>2011</u>
601-CMG HIGH OPTION	5,129	4,989	4,900	4,789	4,837	(48)
602-CMG LOW OPTION	417	302	264	271	268	3
603-OAP IN	2,340	2,383	2,148	1,947	1,994	(47)
604-OAP HIGH OPTION	3,588	3,444	3,408	3,181	3,208	(27)
605-OAP LOW OPTION	282	328	370	416	409	7
606-CHOICE FUND H.S.A.	65	95	184	565	568	(3)
Total Medical	11,821	11,541	11,274	11,169	11,284	(115)
607-FI DENTAL PPO	5,510	5,359	5,292	4,982	5,072	(90)
608-COINSURANCE	8,505	8,096	7,784	7,367	7,477	(110)
609-CONSUMER CHOICE	3,251	3,351	3,301	3,233	3,228	5
610-70 PERCENT STD	1,231	1,217	1,172	1,139	1,131	8
611-60 PERCENT STD	1,592	1,647	1,662	1,669	1,687	(18)
612-50 PERCENT STD	1,336	1,320	1,289	1,299	1,311	(12)
613-40 PERCENT STD	4,210	3,980	3,845	3,771	3,834	(64)
623-VISION	11,820	11,542	11,274	11,174	11,226	(53)
625-FI PREPAID DENTAL	2,703	2,358	2,064	1,884	1,915	(31)
SI DENTAL	3,829	4,061	4,212	4,613	4,564	49

Business Strategies and Health Care Programs

Total Members

Fund	Actual Average Members <u>2008</u>	Actual Average Members <u>2009</u>	Actual Average Members <u>2010</u>	Actual Average Members <u>2011</u>	Budget Average Members <u>2011</u>	Budget Variance <u>2011</u>
601-CMG HIGH OPTION	11,613	11,359	11,405	11,165	11,330	(165)
602-CMG LOW OPTION	638	481	480	519	518	1
603-OAP IN	5,462	5,599	5,048	4,434	4,510	(76)
604-OAP HIGH OPTION	7,428	7,161	7,157	6,611	6,660	(49)
605-OAP LOW OPTION	647	801	906	988	965	23
606-CHOICE FUND H.S.A.	116	191	419	1,336	1,288	48
Total Medical	25,904	25,592	25,415	25,053	25,271	(218)
607-FI DENTAL PPO	12,263	12,017	12,038	11,197	11,410	(213)
608-COINSURANCE	19,224	18,437	17,966	16,834	17,066	(232)
609-CONSUMER CHOICE	6,564	6,964	7,037	6,886	6,918	(32)
610-70 PERCENT STD	1,231	1,217	1,172	1,139	1,131	8
611-60 PERCENT STD	1,592	1,647	1,662	1,669	1,687	(18)
612-50 PERCENT STD	1,336	1,320	1,289	1,299	1,311	(12)
613-40 PERCENT STD	4,210	3,980	3,845	3,771	3,834	(64)
623-VISION	25,903	25,592	25,421	25,065	25,288	(223)
625-FI PREPAID DENTAL	5,618	4,920	4,312	3,870	3,895	(25)
629-SI DENTAL	8,727	9,327	9,812	10,801	10,865	(64)

Business Strategies and Health Care Programs

Members Per Subscriber

(Subscriber = Employee plus COBRA plus Retiree)

Fund	Members Per Subscriber <u>2008</u>	Members Per Subscriber <u>2009</u>	Members Per Subscriber <u>2010</u>	Members Per Subscriber <u>2011</u>
601-CMG HIGH OPTION	2.26	2.28	2.33	2.33
602-CMG LOW OPTION	1.53	1.59	1.82	1.92
603-OAP IN	2.33	2.35	2.35	2.28
604-OAP HIGH OPTION	2.07	2.08	2.10	2.08
605-OAP LOW OPTION	2.30	2.44	2.45	2.37
606-CHOICE FUND H.S.A.	1.79	2.02	2.27	2.36
Total Medical	2.19	2.22	2.25	2.24
607-FI DENTAL PPO	2.23	2.24	2.27	2.25
608-COINSURANCE	2.26	2.28	2.31	2.29
609-CONSUMER CHOICE	2.02	2.08	2.13	2.13
610-70 PERCENT STD	1.00	1.00	1.00	1.00
611-60 PERCENT STD	1.00	1.00	1.00	1.00
612-50 PERCENT STD	1.00	1.00	1.00	1.00
613-40 PERCENT STD	1.00	1.00	1.00	1.00
623-VISION	2.19	2.22	2.25	2.24
625-FI PREPAID DENTAL	2.08	2.09	2.09	2.05
SI DENTAL	2.28	2.30	2.33	2.34